



Insights from CGS

Driving the Science of Design: Redefining the Role of PLM Technology



 200 Vesey St - Brookfield Place - New York, NY 10281-1017
 212-408-3833  applications@cgsinc.com  cgsinc.com

Driving the Science of Design: Redefining the Role of PLM Technology

A recent study conducted by Apparel Magazine and Gartner found that **63% of apparel companies plan to make significant investments of up to \$1M in PLM technology this year.**

Apparel Companies recognize the value of PLM

63%
Will make **additional** PLM investment

31%
Will invest **up to \$1M** in PLM technology

Fashion and consumer lifestyle brands have urgent and growing need to use PLM technology to manage much more than the traditional “front end” of the supply chain. Savvy brands are also leveraging PLM technology to go beyond design and product development to drive many of their core business processes. This report explores how the scope of PLM software has been redefined, expanded and enhanced to meet changing business requirements.

Through the strategic use of best-in-class PLM solutions built on in-depth evaluation of retail and Consumer Goods market needs, deep enterprise software expertise, and feedback from leading industry analysts, companies now have an unprecedented opportunity to strengthen performance of their core business processes - from line planning, sourcing, supply chain collaboration and comprehensive cost analysis to omnichannel commerce, new product introductions, speed-to-market, transparency/compliance, real-time process visibility and cost reduction.

With so much to gain, it’s no wonder PLM investment plans remain bullish. In a June 2015 report, representing their 10th annual survey of the apparel industry’s use of PLM, Apparel Magazine and Gartner Inc. found that ~63% of respondents plan to invest further in PLM, with 31% planning to invest up to \$1M in the technology.

Evolving PLM Requirements

Many PLM solutions trace their origins back to product data management (PDM) software, which focused primarily on capturing product specifications and creating technical packs, or tech packs, for companies to share internally and with suppliers. Even though they have come a long way since then, some PLM solutions still have a limited emphasis on processes from design inspiration to final sample.

These processes remain extremely important to manage within PLM, and there is great upside associated with improving the structure and efficiency of front-end business activities. **For example, in the Apparel/Gartner study, 40% of respondents said greater standardization of PLM processes was the No. 1 benefit achieved with their PLM strategies.** Yet at the same time, 35% ranked process standardization as the top benefit they still hoped to achieve.

Regardless of where they stand with past implementations, fashion and consumer lifestyle products companies are realizing they now need much more comprehensive PLM capabilities to truly improve, streamline and synchronize the way they develop and bring products to market. To improve designs, increase sales and boost profits, they are devising PLM strategies around how to differentiate product offerings and enhance customer service to better meet consumer demand in a fast-changing retail world.

"Anyone who touches the product through its lifecycle needs to have real-time access to product data," says Paula Levy, chief strategy officer, Demand Worldwide. "From planning and merchandising to sourcing, product development and inventory, everyone needs to work with synchronized information and working collaboratively to meet financial goals."

Embracing "Extended PLM"

Today's business needs are rapidly changing – on virtually every front:

- **Omnichannel commerce requires all new levels of inventory control and visibility**, plus superb agility and flexibility to adjust allocation and distribution plans in response to sales.
- **Sourcing dynamics are in a state of flux** as importers and exporters alike adjust to rising wages, new trade deals and emerging markets.
- **At the same time, sustainability and compliance must be front and center** to ensure operations and vendors throughout the supply chain meet socially responsible, safety and environmental standards.
- **Amid everything, there is the ever-present pressure to reduce costs** and improve time to market.

To meet these business-critical requirements, fashion and consumer lifestyle products companies recognize their success rides on great designs as well as integrated line planning, development and sourcing. In response to these market drivers, a redefined breed of "extended PLM" has emerged.

Mark Harrop, founder and CEO of digital magazine Which PLM, says PLM has evolved from being a relatively simple point solution for use by two or three departments into a full-fledged enterprise system. **"Where an older PDM or PLM product would have handled less than 10 product development processes, a modern solution is expected to offer support for between 40 and 50, with additional core and extended-PLM processes being added at growing rate,"** he says. "This has the major advantage of offering compounded benefits at essentially every stage of the product lifecycle, from inspiration to consumer."

“With all of this supporting data and the added benefits of the voice of the customer, **a modern PLM solution will help drive the science of design**, allowing retailers & brands to deliver a higher hit rate with improved margins and profitability.”

Mark Harrop,
Founder & CEO, WhichPLM

The Apparel/Gartner research study also supports this trend toward much more robust PLM software. Their report says the PLM software arena is "wavering at the border between PLM and Product Innovation Platforms, defined by Gartner as next-generation information technology platforms that facilitate continuous creativity, yielding improvements to products, product portfolios and multiple related supply chain processes throughout their various life cycles."

Integrating the Complete Lifecycle

The newest PLM technology addresses the importance of an end-to-end experience, both for reporting visibility and for efficiency. It also offers users a powerful set of tools to manage and quantify the impact of sourcing decisions. This includes built-in ability to measure hard ROI by product as well as softer returns accrued through improved vendor collaboration, reduced work redundancy and other factors. In addition, as Harrop emphasizes, "PLM is the only platform that can offer a joined-up supply chain that can support the mounting pressures of corporate social responsibility, including legislative compliance but also sustainability and agility."

The most comprehensive PLM packages also enable users to tie purchase order (pre-sale) and sell-through (consumer retail) data back to an individual design. Executives then have an opportunity to tangibly improve the design process – designing to profitability. With PLM technology and processes in place to connect the dots between sales, merchandise plans, design and sourcing, companies can introduce more new products while marrying design and product decisions directly to costs.

Fashion executives are turning their attention to how PLM can help them well beyond design and product development. For instance, among Apparel/Gartner survey respondents, the top five areas where they plan to focus PLM efforts in the next 18 months are:



Notably, merchandise planning/management was close behind in sixth place with 35% of respondents planning to implement PLM to manage those processes.

Ellery Homestyles, a leading supplier of branded and private label home fashion products to major retailers, is among industry innovators who are benefiting from an extended-PLM strategy. After outgrowing its initial PLM solution, the New York-based company realized it needed PLM technology with robust real-time analytical tools and a user-friendly interface. Ellery Homestyles ultimately decided on CGS' BlueCherry® PLM, which encompasses reporting and analytics, quality and compliance, vendor portal, workflow management, calendar management, bill-of-materials management, product sourcing/purchasing, costing, sample management, color management, materials management and PDM.

Since implementation, Ellery Homestyles has saved over **1,000 product development hours** and experienced a **30% improvement** in overall productivity while significantly increasing process visibility and control. The company has also increased their revenue growth by **\$75 million**. "We're really excited to see how far we can take BlueCherry," says Molly Rammel, director of product development at Ellery Homestyles.

For businesses like Ellery Homestyles and many others who are committed to ongoing growth and success, the newest generation of comprehensive PLM holds a tremendous value proposition. By harnessing the power of PLM to its fullest, they will be well-positioned to confidently meet changing industry needs, accelerate growth and stay well ahead of the competition.

